

Municipal Energy Agency of Nebraska

Electrical Resources Pooling Agreement Policies & Procedures



Amended by the MEAN Management Committee
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Electrical Resources Pooling Agreement Policies & Procedures

The MEAN Management Committee has set forth written documentation of the policies and procedures pursuant to the Electrical Resources Pooling Agreement (ERPA). This document incorporates the established policies and procedures that MEAN has been following over the years as well as new policies and procedures, as recommended by the Member Generation Committee and approved by the Management Committee.

I. MEMBER GENERATION NOT LEASED TO MEAN (*Approved by Management Committee on 5/26/05; modified on 8/15/13 and 5/21/15*)

Section 5.01 of the ERPA states that Bulk Power Participants will contractually commit to MEAN the energy output of all existing generation facilities that are owned by the Participants for the purpose of economic dispatching by MEAN electric power and energy from such generating facilities for the common benefit of all Participants.

Pursuant to Section 6 of the Service Schedule M Schedule of Rates and Charges, generating plants will be reimbursed for the commitment of its accredited generation facilities; Such plants committed to MEAN will be paid for capacity at the rate established in the Service Schedule M Schedule of Rates and Charges as modified from time to time by the MEAN Board of Directors and will be paid for energy generation as described in these ERPA policies and procedures.

- A. On January 20, 2005, the Management Committee and Board of Directors placed a moratorium on leasing any new or additional generation until such time peaking capacity generation is needed.
- B. Service Schedule M, K and J Participants that have local generation **not** leased to MEAN are permitted to generate in accordance to the following policies and procedures:
 - 1. Operation of unit(s)
 - a. The non-leasing Participant will notify the MEAN Coordination Center at least 24 hours in advance that it plans to operate its unit(s) for any reason.
 - 1) The only exception is for distribution system-wide outage or blackout caused by the transmission interconnection or distribution system or weather.
 - b. The MEAN Coordination Center will approve or deny the non-leasing Participant's request to operate its unit(s).

- 1) If approved, the MEAN Coordination Center will confirm the date, time, unit(s), and desired output per hour to be operated.
- c. At least 90 minutes prior to operating the unit, the non-leasing Participant will verify the anticipated kW output per hour and start/end times with the MEAN Coordination Center.
- d. If for any reason the amount of output is modified before or during operation, the non-leasing Participant must notify the MEAN Coordination Center immediately.

2. Compensation

- a. The non-leasing Participant will be compensated for energy production as follows: for energy production at the request of MEAN, compensation will be equal to Production costs, which are defined as the greater of (i) fuel consumed plus variable operation and maintenance (O&M) cost, as approved by the Management Committee, or (ii) \$0.06 per kWh for energy generated using natural gas as fuel or \$0.09 per kWh for energy generated using diesel oil as fuel; for energy production for any other reason other than at MEAN's request, compensation will be at the then-current Energy Charge pursuant to the Service Schedule M Schedule of Rates and Charges or any new rate as may be approved by the Management Committee and Board of Directors, except that for energy production at the request of a third party and approved by MEAN in advance, Participant will be compensated at the rate such third party agrees to pay or if no such rate exists then at the Energy Charge described above in this Paragraph. The compensation provided for herein is subject to the generation meeting all other applicable requirements set forth in these ERPA policies and procedures or established from time to time by the MEAN Board of Directors or Management Committee.
- b. MEAN will add back to the non-leasing Participant's total load calculation the hourly energy production provided during generation to ensure proper billing of monthly peak demand and energy.
- c. In the event the non-leasing Participant does not properly notify the MEAN Coordination Center of its intent to operate, as outlined in #1 above, even during emergencies, the non-leasing Participant will **not** be compensated for energy production or fuel.

3. A summary of the compensation arrangements and requirements for notice as applicable to non-leasing Participants is shown below in Article VII, Paragraph M.

II. RELIABILITY STANDARDS FOR MEAN BULK POWER SUPPLY (*Approved by Management Committee on 5/26/05; modified on 8/15/13 and 5/21/15*)

Section 6.07 (e) of the ERPA requires the Management Committee to establish reliability standards for bulk power supply of MEAN.

- A. MEAN is currently registered with North American Electric Reliability Council (NERC) in the Midwest Reliability Organization (MRO) and the Western Electricity Coordinating Council (WECC) regions. MEAN is currently registered in WECC and MRO as a purchasing-selling entity (PSE) and resource planner (RP). MEAN must comply with or demonstrate non-applicability with all Federal Energy Regulatory Commission (FERC) approved reliability standards that are applicable to these two functions.
- B. To demonstrate compliance with, or non-applicability with, all FERC-approved reliability standards in MEAN's PSE and RP functions, staff will prepare planning and operating studies or other reports, as appropriate, for Management Committee review and approval, if necessary.

III. INTEGRATED RESOURCE PLAN DEVELOPMENT (*Approved by Management Committee on 5/26/05; modified on 5/21/15*)

Section 6.07 (g) requires the development of long range power supply plans to be updated annually for the ensuing 10 year period or longer.

- A. MEAN staff will develop an Integrated Resource Plan (IRP) on behalf of MEAN and its Service Schedule M, K and J Participants every five years as well as annual updates to the IRP as required by the Western Area Power Administration (WAPA) and others.
- B. The IRP will comply with the provisions of the WAPA Energy Planning and Management Program, which requires the following elements:
 1. Identify and compare all practicable energy efficiency and energy supply resource options.
 2. Include action plan with timing set by customer.
 3. Describe efforts to minimize adverse environmental effects of new resource acquisitions.
 4. Provide ample opportunity for full public participation.

5. Conduct load forecasting.
 6. Include brief description of measurement strategies for options identified in the IRP to determine whether objectives are being met.
- C. MEAN will submit progress reports to WAPA on an annual basis.
 - D. In the event WAPA changes its Energy Planning and Management Program in a manner which affects the IRP obligation, content, or filing requirements for MEAN or its participants, this procedure will be amended to include such changes and submitted to the Management Committee for approval.
 - E. If the situation warrants, MEAN will update elements of the IRP more often than every five years, including load forecasts, resource plans, and demand side management alternatives. The results will be reviewed with the Management Committee and Board of Directors as necessary.
 - F. Participant will respond to MEAN staff data requests in a timely manner.
 - G. Participant will implement measures selected in the development of a least cost plan as specified by the plan.

IV. ABNORMAL SYSTEM CONDITIONS AND RESTORING SERVICE (*Approved by Management Committee on 8/19/04; modified on 5/20/10*)

Pursuant to Article VI, Section 6.07 (j) and 6.07 (q), of the ERPA, the duties of the Management Committee include establishing and revising rules relating to the effect of abnormal conditions on system operations and reviewing the procedures for restoring service following emergency conditions.

- A. In periods where a Participant has abnormal conditions on its system, the Participant will notify the MEAN Coordination Center immediately in order to coordinate any assistance needed by the Participant. The Participant will attempt to isolate the abnormal condition to its own system so the effects on surrounding utilities are minimized.
- B. In the event of loss of power from the grid due to any reason (blackout, brownout, storm damage, weather problems, transmission system overload, etc.), the Participant will separate from the grid and begin to self-generate to stabilize their distribution system.
 1. Participant will contact the MEAN Coordination Center immediately to report the conditions and provide all appropriate generation output data.

- C. In periods where MEAN has an abnormal condition in its operation of power supply, the MEAN Coordination Center may ask Participants to generate to levels requested or take other steps necessary to relieve the condition, such as implement load management programs and/or load curtailments.
- D. Every effort will be made by all Participants and the MEAN Coordination Center to maximize effective communication during abnormal periods.
- E. The MEAN Coordination Center and Participant will coordinate taking generation off line.
- F. In cases of a widespread grid event (i.e., blackout), the MEAN Coordination Center may direct Participants to isolate from the grid and generate to their distribution load or 'self-generate'.
 - 1. If called upon by the MEAN Coordination Center, Participants will self-generate in conjunction with regional power system restoration efforts.
 - 2. Participants will continue to self-generate (even if the surrounding distribution systems have power restored) for as long as directed by the MEAN Coordination Center.
 - 3. The MEAN Coordination Center will work with Participants on when to reconnect to the grid.

V. PROCEDURES FOR THE USE OF SERVICE SCHEDULES *(Approved by the Management Committee on 5/25/05)*

Section 6.07 (m) of the ERPA requires procedures be established for the use of Service Schedules.

- A. Participant must provide a verbal or written request to the MEAN Coordination Center to receive service under any Service Schedule.
 - 1. The request must include the Service Schedule under which the Participant wishes to receive service, the length of time covered by the request, any special terms and conditions of the service request, transmission arrangements, and any other appropriate information.
 - 2. The MEAN Coordination Center will confirm requested service both orally and in writing.
- B. Requests for services under any Service Schedule which requires specific Management Committee approval (Service Schedules A, J, K and M) will be considered by the Management Committee.

VI. URGE TESTING PROCEDURES (*Approved by Management Committee on 5/13/04; modified on 5/21/09, 5/20/10, 8/16/12, 5/16/13, 8/15/13, and 5/21/15*)

Pursuant to the provisions of Section 8.03 of the ERPA, the Management Committee will establish the rules and regulations for Participants in determining accredited capability (referred to herein as “Accredited Capacity”). All tests will be in accordance with the requirements of the respective Regional Reliability Council.

A. Scheduling of URGE tests

1. All scheduling of URGE tests will be coordinated with the MEAN Coordination Center.
2. The MEAN Coordination Center will give Participant no less than 24-hour verbal notice that an URGE test will be conducted the next day, but the specific time of day for the test is not required.
 - a. If the Participant refuses or is not ready to conduct the URGE test as scheduled, the Participant will be assessed a penalty equal to one month’s capacity compensation payment to the Participant. The penalty will automatically be deducted from the next monthly invoice.
3. The MEAN Coordination Center reserves the right to postpone or reschedule an URGE test at any time as system conditions warrant with no recourse from the Participant.
4. URGE tests will normally be conducted during the months of June, July, August or September. Exceptions to this rule require approval of the Management Committee.
5. During any URGE test, the net output of the generating unit(s) being tested will be recorded hourly and reported to the MEAN Coordination Center by the on-site and authorized MEAN staff member in order to allow proper blending of the energy output of the unit(s) with other MEAN resources.

B. Persons required to be present during URGE test

1. In order to be accredited by the Management Committee, URGE tests must be attended by at least one authorized MEAN/NMPP staff member who will keep a record of plant output and operation during the test.
2. Any member of the Management Committee may attend any such URGE test in an advisory capacity.

C. Testing procedures to demonstrate capability

1. Plant net capacity will be defined as gross plant capacity output less station power (auxiliaries). Ratings will be confirmed annually or more frequently as necessary to demonstrate the net capability. All units will be tested at least once per year.
2. All units within the plant will be tested simultaneously to demonstrate the net capability of the entire plant.
3. All equipment, when tested, will be in good operating condition with all auxiliaries needed for normal operation in service and with provision for enhanced output facilities operating (i.e. added cooling) if this capability is to be included in net capability. Energy consumption by auxiliary facilities common to the entire plant (e.g. fuel handling or lighting) will be distributed over the appropriate units in the plants and will represent the consumption normally experienced during the high load part of the day.
4. A standard auxiliary power deduction will be assessed for Participants that do not have auxiliary metering available. The current standard deduction is 2.5% of gross plant output. Such standard deduction percentage may be modified from time to time by the MEAN Management Committee.
5. The fuel used during the URGE test shall be individually metered for each generator. Fuel readings for the URGE test shall be taken at the start of the URGE test; at the end of the first hour and at the end of the second hour. Fuel used for startup (warm up) and shut down (cool down) shall be metered and recorded separately from URGE test readings. The fuel used per hour during the URGE test will be the fuel that will be available in sufficient quantities to run the unit at its accredited level for the four peak hours for five days in succession at the time of MEAN's annual peak. (Minimum fuel storage volume = URGE fuel/hr x 4 hrs. x 5 days.)
6. The URGE test loading shall be maintained at as constant a level as practical. The reported test results shall be the sum of the MWh/hr integrated net output for the 2-hour test period. The URGE test for all units is deemed passed only if such net output reported is equal to or greater than the net capacity in kW in MEAN's current Load and Capability Report. If the URGE test results in a kW output that is less than the current kW amount found in the Load and Capability Report, the latest test result will be recorded in the next Load and Capability Report, unless the Participant retests the units in compliance with the then current policies and procedures.

D. Steam turbine-generator unit tests

1. The test period for steam turbine-generator units will be not less than four continuous hours.
2. Generating unit net output capability will be corrected using the average of the past five summers' maximum inlet circulating water temperatures. Steam conditions will correspond to the operating standard established by the owner of the unit or plant. The steam generator will be operated with type and quality of fuel allowed by law.

E. Combustion turbine and diesel unit tests

1. The test period for combustion turbine and diesel units shall be two continuous hours following sufficient warm-up and stabilized operating conditions not to exceed 30 minutes.
2. Ambient temperature conditions may be corrected at the discretion of Management Committee to the average for the past five years of the maximum temperature occurring in that community at the time of a system's monthly maximum demand. Where evaporative coolers are used, the temperature at the discharge of the evaporative coolers may be the basis for ambient temperature corrections.

F. Requests for retesting of units

1. Should all or a portion of the Accredited Capacity identified in MEAN's current Load and Capability Report not be available to MEAN during any month because of a forced outage, such as equipment failure or breakdown, the provisions for retesting of such unit(s) when they become available again shall be as provided in Article VII and the tests shall comply with this Article VI.

G. Costs

If any URGE test is authorized by the Management Committee for the purpose of establishing the capability for accreditation for a Bulk Power Participant, that Participant will be fully reimbursed for the production costs during the 2-hour period of the URGE test as approved by the Management Committee. Production costs will be defined as the greater of (i) fuel consumed during the 2-hour full load run plus variable operation and maintenance (O&M) cost, as approved by the Management Committee, or (ii) \$0.06 per kWh for energy generated using natural gas as fuel or \$0.09 per kWh for energy generated using diesel oil as fuel.

H. A summary of the compensation arrangements for URGE testing is shown below in Article VII, Paragraph M.

VII. OPERATION OF GENERATION (*Approved by Management Committee on 8/19/04; modified on 5/26/05, 5/20/10, 5/16/13, 8/15/13, and 5/21/15*)

Pursuant to Section 13.02 of the ERPA, any Bulk Power Participant, upon request by MEAN, will supply MEAN energy up to the full amount of its Available Accredited Capacity.

- A. The MEAN Coordination Center will contact the Participant by telephone of the need to generate. The MEAN Coordination Center will specify which unit(s) to run, start time, and amount to generate.
- B. When the MEAN Coordination Center determines generation is no longer required, it will contact the Participant by telephone, fax and/or email of the appropriate time to stop generating.
- C. The MEAN Coordination Center may request Participant to generate reactive volt-amperes (VARs) as system conditions warrant.
- D. If Participant cannot bring designated unit(s) up to specified net output, the Participant will immediately inform the MEAN Coordination Center so other generation can be scheduled.
- E. Participants that lease generation to MEAN will not plan for maintenance outages from June 1 through September 30.
- F. Should all or a portion of the Accredited Capacity identified in MEAN's current Load and Capability Report not be available to MEAN during any month because of a forced outage, such as equipment failure or breakdown, no capacity compensation payment will be made for any such month or any subsequent month for any portion of Accredited Capacity which is not available. Participant must notify MEAN immediately in the event all or a portion of the Accredited Capacity identified in MEAN's current Load and Capability Report is not available to MEAN, without regard to whether MEAN is in need of generation from Participant at that time. Failure to notify MEAN within eight (8) hours of the commencement of a forced outage will result in Participant being responsible for any penalties applicable to MEAN from the market/RTO/transmission provider(s), which penalties shall be passed through to Participant, and Participant will have the obligation to repay MEAN for capacity compensation payments made by MEAN during any period of unavailability. If the commencement date of the outage cannot be determined to MEAN's satisfaction then the commencement date shall be deemed to be the later of the following dates: (i) the date of the last MEAN-documented generation by the affected unit(s), or (ii) the date of the last successful URGE test of the affected unit(s).

- G. If the total Accredited Capacity is made available to MEAN within 90 days after commencement of any such forced outage and the generating unit(s) pass the URGE test as described in Paragraph I below, retroactive payment will be made by MEAN to the Participant for the amount of capacity of MEAN's current Load and Capability Report, which was unavailable because of the forced outage. The commencement of the 90-day period referred to in this Article VII shall not be delayed by failure of Participant to timely notify MEAN of the forced outage.
- H. If all or a portion of the Accredited Capacity is unavailable to MEAN for a period of 90 days or longer, MEAN will make no retroactive payment for the unavailable capacity commitment.
- I. Upon notice to MEAN by the Participant that all or a portion of the previously unavailable capacity is again available, a plant URGE test will be conducted in accordance with the plant testing procedures set forth in Article VI.
- J. To the extent a Participant cannot bring back to service a portion or all Accredited Capacity after a forced outage, the Participant can request, in writing, to extend the 90-day period described in paragraph K below. The request shall be made to the Executive Director of MEAN. No such extension will serve to extend the retroactive payment period described in paragraph G or H above unless the retroactive payment is expressly approved by the Management Committee.
1. The petition for extension must be received prior to the expiration of the initial 90-day period.
 2. The petition must include a description of the repairs made to date, repairs remaining, and the expected date the unit will return to service, as well as the remaining net generation output still available from the plant.
 3. Any extension approved by the Executive Director cannot exceed 15 months beyond the initial 90-day period.
 4. If an extension is granted, the Participant must provide monthly progress reports to the MEAN Coordination Center until such time the unit is brought back to service and an URGE test has been conducted.
- K. Regardless whether Participant requests or receives an extension, any existing Accredited Capacity returned to service after being unavailable for 90 days or longer (or after the expiration of the term of any approved extension of such 90-day period) must reapply to the Management Committee for MEAN available Accredited Capacity for compensation and if approved such amount shall be incorporated in the Load and Capability Report.

L. Compensation

1. For energy production at the request of MEAN, Participant will be compensated at the then-current Capacity Compensation Energy Rate as approved from time to time by the Management Committee. For energy production at the request of a third party and approved by MEAN in advance, Participant will be compensated at the rate such third party agrees to pay or if no such rate exists then at the rate described above in this Paragraph 1.
2. MEAN will add back to the Participant's total load calculation the hourly energy production provided during generation to ensure proper billing of monthly peak demand and energy.

M. A summary of the compensation arrangements and requirements for notice is shown below. Payments are contingent on generation meeting all other applicable requirements set forth in these ERPA policies and procedures or established from time to time by the MEAN Board of Directors or Management Committee.

	Reason for Generation				
	Approved URGE Test	MEAN Call	Emergency or Outage (Excluding Third Party Calls)	Third Party Call	All Other Generation (Including Exercises)
Leased Generation	FOM	FOM	FOM	Rate from third party	Energy Charge
Non-Leased Generation	N/A	FOM	Energy Charge	Rate from third party	Energy Charge
Notice Required for Compensation — Leased Generation	N/A	N/A	No	No	No
Notice Required for Compensation — Non-Leased Generation	N/A	N/A	No	No	Yes

For purposes of the chart above:

“FOM” shall mean the greater of (i) fuel consumed plus variable operation and maintenance (O&M) cost, as approved by the Management Committee, or (ii) \$0.06 per kWh for energy generated using natural gas as fuel or \$0.09 per kWh for energy generated using diesel oil as fuel. For purposes of approved URGE tests, fuel consumed shall mean only fuel consumed during the 2-hour full load run.

“Energy Charge” shall mean the then-current Energy Charge pursuant to the Service Schedule M Schedule of Rates and Charges or any new rate as may be approved by the Management Committee and Board of Directors.

The “Capacity Compensation Energy Rate”, as that term is used herein, shall be deemed equal to the amount calculated in accordance with the chart above and the provisions of these ERPA policies and procedures.

The variable O&M cost shall be \$0.005 per kWh, which amount may be modified from time to time by the Management Committee.

N. Monthly Data Submissions

1. Participant will timely submit monthly data (“Monthly Data”) as requested by MEAN for capacity compliance reporting. Failure to submit such Monthly Data within ten (10) days of the end of the month will result in suspension of capacity compensation payments from MEAN.

VIII. EXERCISING OF UNIT(S) AND SCHEDULING OBLIGATIONS *(Approved by Management Committee on 8/19/04; modified on 5/20/10, 5/16/13, 8/15/13, and 5/21/15)*

Sections 13.04 and 13.05 of the ERPA state Participants will maintain all leased to MEAN generating units, switches, buildings and auxiliaries (power plant facilities) in good operating condition. Participants will operate power plant facilities so not to cause any type of impairment to the electric service of other Participant(s) or the electric system that is interconnected to their power plant, and will be required to periodically operate to prove the capability of such unit(s).

A. Exercising of unit(s)

1. Participants who lease generation to MEAN may exercise their generating units on a monthly basis as coordinated with the MEAN Coordination Center.
2. The Participant will notify the MEAN Coordination Center at least 24 hours in advance that it plans to exercise the unit for any reason. The only exception is for distribution system-wide outage or blackout caused by the transmission interconnection or distribution system or weather.
 - a. Exercising times are generally two-hour blocks for diesel and combustion turbines.
 - b. If more than two hours is required, the Participant will notify the MEAN Coordination Center prior to the scheduled exercise as to the reason for the request.

3. The MEAN Coordination Center will approve or deny the Participant's request to exercise its unit(s) via fax and/or Email.
 - a. If the exercise is approved, the MEAN Coordination Center will confirm the date, time, unit(s), and desired net kW output per hour to be generated.
4. At least 90 minutes prior to exercising the unit, the Participant will verify the anticipated net kW output per hour and start/end times with the MEAN Coordination Center.
5. If for any reason the amount of output is modified before or during the exercise, the Participant must notify the MEAN Coordination Center immediately via phone and confirmed by fax or email.
6. Compensation
 - a. The Participant will be compensated for energy production under this Article VIII at the then-current Energy Charge pursuant to the Service Schedule M Schedule of Rates and Charges or any new rate as may be approved by the Management Committee and Board of Directors.
 - b. MEAN will add back to the Participant's total load calculation the hourly energy production provided during generation to ensure proper billing of monthly peak demand and energy.
 - c. Unless otherwise expressly approved by the Management Committee, the compensation provided in Paragraph VIII.A.6.a. above is the sole compensation to Participant for energy production under this Article VIII. Participant will not be reimbursed for any other costs related to exercises, including without limitation exercise production costs, regardless of whether exercises are approved by MEAN or conducted in accordance with the provisions of this Article VIII. Exercise production costs are defined as fuel consumed during the exercise plus variable operation and maintenance (O&M) cost, as approved by the Management Committee.
7. A summary of the compensation arrangements as applicable to Participants is shown in Article VII, Paragraph M.

B. Process for compensation for charges and penalties incurred

Participant will be responsible for any charges and penalties incurred by MEAN as a result of, or arising from, Participant's failure to comply with Paragraph 2, 3,

4, or 5 of Section A. of this Article VIII. Such charges and penalties will be passed through to Participant.

IX. RECORDKEEPING AND REPORTING (*Approved by Management Committee on 8/19/04; modified on 5/20/10 and 5/21/15*)

Pursuant to Section 13.06 of the ERPA, Participants are required to prepare and submit reports concerning schedules, loads and generating facilities capabilities, as may be reasonably requested by MEAN.

- A. The Participant must maintain hourly log sheets for all prime mover operation and generation activity.
 - 1. The MEAN Coordination Center will supply each Participant specific log sheets for their generating unit(s).
 - 2. The Participant will record hourly kWh generated, per unit, and hourly station service (auxiliary).
 - 3. The Participant will fax or email the completed log sheet to the MEAN Coordination Center each day when applicable.
 - a. If the Participant does not have convenient access to a fax machine, the Participant may email or call the MEAN Coordination Center and orally relay the information.
 - b. Oral communication will be followed up with a completed log sheet mailed, emailed or faxed to the MEAN Coordination Center within 48 hours of generating.
 - 4. A daily report is unnecessary if Participant did not generate.
- B. All generation reports should be kept neatly and open for inspection by either party. Records of all transactions will be kept in the MEAN Coordination Center including information being supplied by Participant. In some cases, this information is also required for air emissions permits for regulatory compliance.
- C. As soon as practical, Participant will submit an invoice to MEAN for fuel used during generation within 12 months of usage. Any invoices received for fuel usage over 12 months old will not be reimbursed by MEAN.
- D. Participant will bill MEAN monthly for capacity compensation.

X. PLANT STAFFING OBLIGATIONS (*Approved by Management Committee on 5/13/04; modified on 5/20/10*)

Pursuant to Article XIII, Section 13.07, of the ERPA, Participant is required to maintain continuously available and manned one primary telephone number and one or more back-up telephone number(s) for contact by MEAN and response by Participant to a request for any of the services provided by the Agreement.

A. Contact list

The MEAN Coordination Center will maintain a contact list of the primary and secondary contacts, including pertinent telephone numbers, for each Participant that leases generation output to MEAN and all back-up numbers made available by the Participant. The contact list will be updated on a regular basis, as directed by the MEAN Coordination Center.

B. Penalties for inability to generate due to lack of staff

1. The following will apply to any Participant unable or unwilling to begin operation of requested generation within the 30-minute requirement due to limited staff and/or other municipal commitments:
 - a. First offense – Letter to the Participant’s governing body outlining the contractual obligations the community has with MEAN and clarification of the ramifications of future failures.
 - b. Second offense (within the same 12-month period of the first offense) – Letter to the Participant’s governing body plus a \$500 assessment that will be automatically deducted from the Participant’s monthly capacity compensation payment.
 - c. Third offense (within the same 12-month period of the first offense) – Letter to the Participant’s governing body plus an assessment of 25% of one month’s capacity compensation or \$500, whichever amount is higher, that will be automatically deducted from the Participant’s monthly capacity compensation payment.
 - d. Any further offenses (within the same 12-month period of the first offense) – MEAN will cease payment of the Participant’s monthly capacity compensation until such time the Management Committee meets to review and determine the appropriate action. MEAN will make no retroactive payment for the unavailable capacity commitment.
2. No assessment will be incurred if a Participant provides documentation acceptable to MEAN that the generating unit failed due to mechanical failure beyond the control of the Participant and that such failure that was not a result of negligence, poor maintenance or poor operating practice.

C. Appeal process

1. In the event a Participant desires to appeal the imposed assessment as outlined in Section B. 1. above, the Participant will give notice, in writing, to the MEAN Coordination Center within 60 days from the date of the imposed assessment. The notice must state the specific grounds on why the Participant is disputing the assessment.
2. Any such appeal received by the MEAN Coordination Center will be presented to the Management Committee at their next regularly scheduled meeting.
 - a. Prior to the meeting, a copy of the written notice will be distributed to the Management Committee along with a written response from MEAN Coordination Center as to why the assessment was incurred.
3. Any action taken by the Management Committee will be final and binding.

XI. **METERING** (*Approved by Management Committee on 5/26/05; modified on 5/20/10 and 1/22/15*)

Section 14.01 of the ERPA states that all Participants provide and maintain metering equipment on their fuel and electric systems.

A. Tie-line metering

1. All tie-line points must have revenue quality metering equipment, accurate to +/- 1.0% in accordance with ERPA requirements.
2. MEAN is responsible for ensuring that all Service Schedule M, K and J Participants have revenue quality metering installed at the tie-line. All other Participants are responsible for ensuring revenue quality metering to ensure accurate energy delivery and billing.
3. MEAN is responsible for installing a data recorder to collect and record metering data at the tie-line for Service Schedule M, K and J Participants. All other Participants are responsible for the cost of MEAN installing a compatible data recorder to ensure accurate delivery and billing.
 - a. If the metering equipment is owned by a third party, usually the transmission provider, MEAN is responsible for installing a data recorder.

B. Generation metering

1. All generation must have revenue quality electric and fuel metering equipment, accurate to +/- 1.0% in accordance with ERPA requirements. For clarity, revenue quality electric metering can include electro-mechanical meters, SCADA information, generator data pack meters, “smart” relay output, and any other means provided the readings are accurate to +/- 1.0%. This accuracy shall be the overall accuracy including any error introduced by the potential and current transformers.
2. It is the Participant’s responsibility to install revenue quality metering equipment that can measure the gross and net output of the unit(s) and fuel consumption by no less than two-hour intervals, (using the reading from a fuel level gauge in the fuel tank is not an acceptable fuel measurement practice). If auxiliary electric metering is not available, the then-current standard auxiliary power of gross plant output will be assessed. (See Section VI-C. 3, URGE Testing Procedures for additional information.)
3. The Participant is responsible for all metering relaying equipment, current and potential transformers, as well as any and all other equipment necessary to obtain revenue quality electric and fuel metering readings.

C. Penalties for not having appropriate metering equipment installed

1. The following penalties may apply to Service Schedule M, K and J Participants that do not have revenue quality metering equipment installed on all generation or fail to maintain such metering equipment:
 - a. First violation – Letter to the Participant’s governing body outlining the contractual obligations the community has with MEAN and clarification of the ramifications of future violations.
 - b. Second violation (if not corrected within 30 days of the first written request) – Letter to the Participant’s governing body plus a \$500 assessment that will be automatically deducted from the Participant’s monthly capacity compensation payment.
 - c. Third violation (if not corrected within 60 days of the first written request) – Letter to the Participant’s governing body plus an assessment of 25% of one month’s capacity compensation or \$500, whichever amount is higher, that will be automatically deducted from the Participant’s monthly capacity compensation payment.
 - d. Any further violations (if not corrected within 90 days) – MEAN will cease payment of the Participant’s monthly capacity compensation until such time the Management Committee meets to review and determine the appropriate action. MEAN will make no retroactive payment for the unavailable metering capabilities.

2. Appeal process

- a. In the event a Participant desires to appeal the imposed assessment as outlined in Section C. 1. above, the Participant will give notice, in writing, to the MEAN Coordination Center within 60 days from the date of the imposed assessment. The notice must state the specific grounds on why the Participant is disputing the assessment.
- b. Any such appeal received by the MEAN Coordination Center will be presented to the Management Committee at their next regularly scheduled meeting.
 - 1) Prior to the meeting, a copy of the written notice will be distributed to the Management Committee along with a written response from MEAN Coordination Center as to why the assessment was incurred.
- c. Any action taken by the Management Committee will be final and binding.

XII. NEW OR ADDITIONAL GENERATION (*Approved by Management Committee on 11/18/04; modified on 5/20/10 and 5/21/15*)

According to Article XV of the ERPA, any generating units installed by Participants or by MEAN should be the most economical size and type practicable based on size of the system, loads of other Participants, anticipated growth, transmission facilities, and ability to interconnect with other systems. All generating units installed by Participants are subject to the established reliability standards of the Management Committee.

- A. Any Participant requesting capacity compensation for new or additional generation is required to submit a formal written request to the MEAN Director of Wholesale Electric Operations. The following technical information must be included in the written request:
 1. Size of the proposed new or additional generation
 2. Requested megawatt capacity compensation
 3. Type of generating unit (combustion turbine, reciprocating engine-generator, wind and water powered turbine generators, photovoltaic generators/invertors, etc.)
 4. Fuel type (single fuel only – natural gas or oil; combined fuel – oil and natural gas by % of total; secondary fuel option – natural gas or oil only or combined oil and natural gas by % of total, or wind, hydro, biofuel)

5. Fuel storage on-site (type of fuel and available storage, in gallons, as applicable)
 6. Fuel transportation arrangements
 7. One-line electrical diagram including existing plant, proposed addition, and interconnection
 8. URGE test-determined or manufacturer's/installers' estimated heat rate (BTUs of fuel / kWh of generation)
 9. Staffing schedule of plant operating employees for the proposed generation addition
 10. Consulting engineer selected to perform engineering functions necessary to complete installation and URGE test of unit
 11. Implementation plan for formal approval by any government or regulatory bodies, if applicable
 12. Estimated operating hourly capability for a typical year (annual load duration curve or equivalent), limits imposed by environmental regulations and any other unit output limits applicable
 13. Other characteristics (warranty of equipment, expected maintenance schedules and special equipment needs for repair; i.e. lifting cranes, lab equipment, black start capability, distribution benefits, retirement of existing unit, etc.)
- B. Upon receipt of a formal written request, the MEAN staff will evaluate the proposed generation facility using the following criteria to determine if it is an economic and operational fit with MEAN's existing and resource mix:
- a. Traditional powered and dispatchable resources, (fossil, existing hydro and nuclear) and/or
 - b. Renewable powered restricted dispatchable resources (new hydro, wind, solar and biofuel):
1. Type of prime mover, such as combustion turbine, combined cycle, aero-derivative, combustion engine, wind or water turbine, etc.
 2. Amount of generation (MW) and the annual energy production compared to the Participant's total and supplemental peak demand and energy needs
 3. Fuel type, availability, and fuel cost projections

4. Available capacity factor, maximum hours of operation and capacity limits listed by time of year
5. MEAN’s projected loads, resource needs, and resource mix specifically for restricted dispatchable renewable generators:
 - a. The proposed and existing restricted dispatchable generation cannot exceed 2.0% of MEAN’s peak load responsibility in the respective control area. For example in FY 2016:

Summer MEAN Peak Load Responsibility by Balancing Area in KW Non-coincident Peak				
MISO	SPP	WACM	PSCO	Total
90,602	160,107	160,894	34,089	445,692
2%	2%	2%	2%	2%
1,812	3,202	3,218	682	8,914

- b. The sum of all restricted dispatchable generation shall not exceed 10,000 kW of the total of MEAN’s generation resources.
6. Staffing levels of existing and proposed generation at power plant site.
7. Transmission (local and regional) impacts determined by transmission load flow studies.
8. Summary of the member’s past leased generation performance and compliance with ERPA requirements.
9. Compliance with interconnection requirements, rules and tariffs of the Regional Transmission Operator (RTO) and Independent Transmission System Operator (ISO).
10. Potential rate impact on MEAN Bulk Power Participants
11. Other factors, as necessary

The Participant and/or the Participant’s consulting engineer will supply MEAN staff with the required information outlined above and/or any additional information that may be necessary in order to complete the evaluation.

- C. Upon receipt of the required information from the Participant, MEAN staff has 60 days to evaluate the proposed new or additional generation request and submit a written report back to the Participant . If any deficiencies are noted during the evaluation process, MEAN staff may ask the Participant to make modifications to its request. MEAN’s written report may include, but not be limited to, the following:

1. General background information

2. Evaluation of request based on the criteria listed in Section B above
 3. Conclusions and recommendation to Power Supply Committee and Management Committee
- D. The Participant has 30 days to review and respond to MEAN's written report. After this 30-day period, MEAN staff will finalize the report and submit it to the Power Supply Committee for their review and consideration at the next regularly scheduled meeting.
1. The Power Supply Committee will make a recommendation to the Management Committee and Board of Directors to approve/deny the request for new or additional generation.
 2. Final approval/denial of the request for new or additional generation is made by the Management Committee. If the request is approved, the Board of Directors determines the level of capacity compensation paid to the Participant. (Capacity compensation is not addressed in this section of the ERPA Policies & Procedures document.)
- E. Upon Management Committee and Board of Directors approval for new or additional generation
1. MEAN will complete, at the expense of the generation project and to be paid as outlined in the Board's approval document, the necessary load flow studies for regional reliability accreditation (i.e., MISO, SPP, WECC), request interconnection from the control area provider, request network resource designation from the transmission provider, and request any accreditation necessary from regional, state and/or local regulatory body, if applicable.
 2. MEAN is responsible for the costs of all studies required for regional reliability accreditation. The Participant is responsible for all labor, consulting, and material costs necessary to address and meet or exceed the transmission provider's requirements for interconnection, protective relaying, metering equipment, and any transmission improvement required to designate the proposed generation as a network resource for MEAN.
- F. If the proposed new or additional generation is not a traditional reciprocating or combustion turbine engine peaking facility, MEAN staff will, in conjunction with the evaluation process, work with the Participant to develop an appropriate capacity and energy compensation methodology. The recommended compensation will be based on:
1. The avoided cost of resources off-set by new generation

2. The market price of excess capacity and energy from the proposed generation net of transmission cost for delivery that MEAN is able to remarket
 3. Other criteria that may be deemed appropriate by the Power Supply Committee
- G. Capacity compensation for the new or additional generation begins only when the arrangements listed under Section E above are completed, the unit is placed into commercial service, and the unit has successfully passed the URGE test. (NOTE: MEAN representative(s) must conduct the URGE test.)

XIII. SUBSTITUTION OF LEASED GENERATION FACILITIES (*Approved by Management Committee on 11/18/10; modified on 8/16/12 and 5/21/15*)

A Participant that desires to commit to MEAN the output of one or more of Participant's generating facilities not then leased to MEAN or replace an existing leased generation unit with a unit of similar type and characteristics of the existing leased generating facilities ("Alternate Facilities"), in lieu of output from one or more generating facilities then-currently leased to MEAN, shall be permitted to make such substitution in accordance with the following policies and procedures:

- A. Written notice of such substitution of generating facilities must be provided by Participant to the MEAN Executive Director at least ninety (90) days prior to the desired effective date.
- B. The amount of capacity committed to MEAN by Participant and compensated by MEAN to the Participant after such substitution may not exceed the amount of capacity committed to MEAN by Participant prior to such substitution.
- C. MEAN staff shall verify the amount of Participant's Accredited Capacity via an URGE test that follows the then-current ERPA Policies and Procedures to reflect the substitution of generating facilities leased to MEAN.
- D. Alternate Facilities must be of a similar type and characteristics of the existing generating facility including, but not limited to startup time and hours of availability. Alternate Facilities must also remain in compliance with all Governmental Standards (as that term is defined in Article XV) and are subject to the provisions of the then-current ERPA Policies and Procedures and the ERPA as applicable to generation leased to MEAN.

XIV. DISCONTINUANCE OF COMMITMENT OF CAPACITY TO MEAN (*Approved by Management Committee on 11/18/10; modified on 8/16/12*)

A Participant that desires to discontinue commitment to MEAN of the energy output of any generating facility may be permitted to discontinue such commitment in accordance with the following policies and procedures:

1. The Participant must provide MEAN's Executive Director with advance written notice to discontinue commitment of capacity to MEAN, including the reason and the proposed scheduled final date of capacity commitment. Such notice shall be given immediately after the Participant's governing body reviews the issue and makes its decision, whether the decision results from the Participant's inability to comply with Governmental Standards (examples include a state operating permit renewal or a newly implemented EPA rule) or because the Participant chooses not to modify its equipment and/or operations to comply, or for any other reason.
2. Once the written termination notice is received, MEAN's Executive Director will refer the matter to the Management Committee. In the event that the discontinuance of commitment of capacity will have no negative impact on the MEAN Load and Capability Report ("De Minimis"), MEAN staff is authorized to relieve the Participant of its obligation to commit the capacity to MEAN prior to Management Committee consideration of the issue. MEAN staff shall report to the Management Committee any such action to relieve the Participant of its obligation.
3. The Management Committee will consider formally "accepting" notification from the Participant that the Participant's affected generator(s) will no longer serve as generating units committed to pooling as described in the ERPA. Unless the impact to MEAN is De Minimis, as defined above, acceptance will be subject to a necessary transition period, the length of which will be determined by MEAN in its sole discretion, to assure that MEAN and the Participant maintain compliance with then-current Governmental Standards. This compliance includes, but is not limited to, MEAN's regional reliability and capacity reserve requirements, Participant's operating permits, contractual obligations with suppliers and service providers, and all other obligations of both MEAN and the Participant.
4. As a general guideline, the necessary transition period will end as of the effective date of the next MEAN Load and Capability Report (effective dates are currently May 1 and November 1, each referred to as a "Report Date"); provided, however, that if Participant's notice of discontinuance is received by MEAN less than sixty (60) days prior to such Report Date, the necessary transition period will continue through the next successive MEAN Load and Capability Report period.
5. The Participant will be subject to the then-current ERPA Policies and Procedures for approval of new and additional generation (currently Article XII) in the event

that the Participant desires to reestablish the lease of such capacity or any new capacity to MEAN after the date upon which the capacity payments and capacity commitment obligations of Participant end. This provision includes instances where the Participant fails to meet deadlines for compliance with Governmental Standards, but corrects the deficiency after the deadline that is given by the duly authorized regulatory body.

6. If a Participant desires to lease generation to an entity outside of MEAN, that Participant shall coordinate such transaction with MEAN staff and pay for all operational, capital, and incremental costs of transfer and scheduling of such transaction. Each transaction will be evaluated on a case-by-case basis.
7. A sample resolution which may be considered by the Management Committee is shown below:

NOW, THEREFORE, BE IT RESOLVED BY the MEAN Management Committee that:

The letter from the City of _____ (“Participant”) dated _____ is hereby accepted as formal notice that the Participant’s generators will no longer serve as generating units committed to pooling as described in the Electrical Resources Pooling Agreement (“ERPA”) of MEAN effective as of _____, 20____, which shall be the end of a necessary transition period (“Lease End Date”) to assure that MEAN and the Participant maintain compliance with then-current local, state, regional, and federal policy, rules, laws, standards, and regulations. This compliance includes, but is not limited to, MEAN’s regional reliability and capacity reserve requirements, Participant’s operating permits, contractual obligations with suppliers and service providers, and all other obligations of both MEAN and the Participant.

The requirement in ERPA Article XIII, Section 13.05 that the Participant maintain all generating units owned by the Participant in good operating condition is hereby waived for the Participant effective upon the Lease End Date.

The Participant’s Accredited Capability, as that term is defined in the ERPA, shall be deemed to be zero as of the Lease End Date, and the Participant shall then no longer qualify for capacity commitment compensation from MEAN. The Participant generators will then be converted to “Member Generation Not Leased to MEAN” and will adhere to the then-current ERPA Policies and Procedures covered in Article I, “Member Generation Not Leased to MEAN”. If the Participant generator(s) do not meet or exceed the then-current operating permits and state, regional and federal rules governing the generator, the Participant

may not use the Participant generator(s) to comply with the “Member Generation Not Leased to MEAN” Policy.

After all necessary transitions have been completed and capacity payments from MEAN have stopped, the Participant will be subject to the then-current ERPA Policies and Procedures for approval of new and additional generation (currently Article XII) in the event that Participant desires to reestablish commitment of said capacity or any new capacity after the Lease End Date.

XV. ADDITIONAL CRITERIA FOR CAPACITY COMPENSATION ELIGIBILITY *(Approved by Management Committee on 8/16/12; modified on 1/10/13)*

In addition to other eligibility requirements, all Participant capacity committed to MEAN shall comply with the following requirements to remain eligible for capacity compensation:

- A. Participant must maintain compliance with all applicable governmental laws, rules, regulations, policies, and standards (“Governmental Standards”) regarding Participant’s generating units committed to MEAN, including but not limited to those Governmental Standards adopted at the local, state, regional, or federal level. Participant must promptly inform MEAN in writing in the event of Participant’s noncompliance with any Governmental Standards. Participant shall reimburse MEAN for any penalties, fines or other expenses incurred by MEAN arising from or relating to Participant’s noncompliance.
- B. The Management Committee may from time to time establish deadlines by which Participants with capacity committed to MEAN must provide official notification of intent regarding continued commitment of capacity to MEAN or by which capacity committed to MEAN must comply with Governmental Standards or standards established by MEAN. Such deadlines may be established to assist MEAN in planning for any necessary capacity purchases, or for other purposes. Failure to respond or comply by the deadline may result in loss of eligibility for capacity compensation and the determination by MEAN that the Participant’s unit(s) will no longer serve as generating units committed to pooling as described in the ERPA.
- C. The Participant will be subject to the then-current ERPA Policies and Procedures for approval of new and additional generation (currently Article XII) for the affected unit(s) in the event that the Participant: (i) desires to reestablish the lease of such capacity or any new capacity to MEAN after the date upon which the capacity payments and capacity commitment obligations of Participant end for the affected unit(s), or (ii) provides MEAN with official notice of intent to remove one or more

generating units from commitment to MEAN due to noncompliance or anticipated noncompliance with Governmental Standards or MEAN standards, or (iii) fails to respond or comply by the deadline established by MEAN for notification or compliance pursuant to paragraph B above.

XVI. DISTRIBUTED AND RENEWABLE GENERATION POLICY *(Approved by Management Committee on 5/19/16)*

Policy Statement: The Total Requirements Power Supply Contracts between MEAN and the Total Requirements Participants (each, a “TRP” as defined below) provide for the Participant to purchase all of its electric requirements from MEAN in excess of its firm power allocation from the Western Area Power Administration. Recent trends in State and Federal regulation and legislation promote the expanded deployment of a wide variety of renewable and distributed generation technologies, including legislation implementing net metering policies.

This Policy has been adopted in recognition of these trends. This Policy also establishes a de minimis exception/clarification to the full requirements purchase obligation under the Total Requirements Power Supply Contracts for Participants to install under certain limited circumstances Renewable Generation Resources to offset portions of their electric supply requirements.

Section 1. Definitions

In addition to terms defined elsewhere in this Policy, the following terms have the following meanings when used herein:

1.01 “Avoided Cost Rate” means MEAN’s avoided cost rate as determined from time to time consistent with applicable legal and regulatory standards.

1.02 “Fixed Cost Recovery Charge” shall have the meaning ascribed thereto in the then-current Schedule of Rates and Charges to the TRP’s Total Requirements Power Supply Contract.

1.03 “MEAN” means the Municipal Energy Agency of Nebraska.

1.04 “Policy” means this Distributed and Renewable Generation Policy.

1.05 “PURPA” means the Public Utility Regulatory Policies Act of 1978, as may be amended from time to time.

1.06 “Renewable Generation Resource” means electric generation interconnected behind the wholesale meter of a TRP or behind the retail meter of (or otherwise owned by) an end-user and such generation’s primary energy source is hydro, wind, solar, biomass, solid waste, or geothermal resources, or other forms of renewable generation as determined on a case-by-case basis by the Director of Wholesale Electric Operations of MEAN. In no event shall a generating facility qualify as a Renewable Generation Resource under this Policy unless it is of a type and

character that would be within the definition of a “qualifying facility” or “renewable resource” under state or federal legislation or regulations. This definition shall not include any resource that is owned, purchased, or leased by a TRP that is either (i) approved by the MEAN Board of Directors or Management Committee to reduce the TRP’s supplemental load to be served by MEAN, which approval must be granted in conjunction with execution of the Total Requirements Power Supply Contract, or (ii) leased or purchased by MEAN (in whole or in part) under a separate written agreement.

1.07 “Total Requirements Participant” or “TRP” means the purchaser under a Total Requirements Power Supply Contract.

1.08 “Total Requirements Power Supply Contract” means a power supply contract under which the TRP agrees to purchase all of its electricity requirements from MEAN, less its Western Area Power Administration allocation(s), including without limitation agreements under Service Schedule M, Service Schedule K and Service Schedule J of the Electrical Resources Pooling Agreement.

Section 2. Establishment of Distributed and Renewable Generation Policy

2.01 Application of Policy. This Policy shall apply to TRPs who have executed a Total Requirements Power Supply Contract with MEAN.

2.02 Renewable Purchases. A TRP may (a) permit an end-use customer to utilize the electrical output of a Renewable Generation Resource to instantaneously supply all or a portion of such customer’s own load and/or (b) purchase all or a portion of electrical output from a Renewable Generation Resource owned by an end-use customer, in each case consistent with applicable laws and interconnection standards. A TRP’s purchase of output from an end-use customer as described above shall be defined as “Renewable Purchases”.

2.03 Renewable Generation Offsets. A TRP may install, own and operate Renewable Generation Resources (including without limitation community solar projects) under certain conditions as set forth in this Policy. TRP must receive approval from MEAN for each Renewable Generation Resource as described in Section 2.15. Renewable Generation Resources other than community solar projects must be located on the TRP’s system. Community solar projects must be located on the TRP’s system or on the system of another TRP if it is a joint community project among MEAN TRPs. The TRP may use the output from such Renewable Generation Resources to reduce its purchases of electricity from MEAN (“Offset”), subject to the Cap described in Section 2.04 below. No power purchase agreements will be permitted pursuant to this Section. MEAN shall adjust the TRP’s monthly bill as necessary to ensure the Energy Charge reflects reduced kilowatt hour (“kWh”) purchases from MEAN due to Renewable Generation Resource output for the current billing month only. Once the TRP reaches the Cap, no further Energy Charge reductions will be given in that fiscal year.

2.04 Cap. Approval of a TRP-Owned Renewable Generation Resource under Section 2.15 shall be granted to TRP only if all the requirements of this Policy are met and MEAN determines in its sole discretion that the aggregate annual output of the subject Renewable Generation Resource and any previously approved Renewable Generation Resource(s) owned by the TRP (excluding facilities grandfathered as described in Section 2.08) will not exceed the Cap of two percent (2%) of the TRP's most recent three-year historical annual average annual kWh load (based on MEAN's fiscal year) served by MEAN (excluding any non-MEAN resources including without limitation firm electric service from Western Area Power Administration or electrical output from facilities owned or purchased by the TRP with approval of the MEAN Board of Directors) ("Cap").

2.05 Facility-Specific Provisions.

- a. The following provisions apply to (i) Renewable Generation Resources with an estimated rated generating capacity of 25 kW or less per meter which are owned by an end-use customer of the TRP, and to (ii) Renewable Generation Resources owned by a TRP under the Cap described above:
 1. All monthly output from such Renewable Generation Resources will be added back to the TRP's monthly peak demand for purposes of determining the TRP's Fixed Cost Recovery Charge allocation, and may be added back for purposes of network integration transmission charges or any other non-energy charges, as applicable, assessed to the TRP on whose distribution system the facility is interconnected.
 2. TRP shall provide advance notice to MEAN prior to interconnecting any end-use customer Renewable Generation Resource. TRP shall make every effort to inform MEAN of a potential Renewable Generation Resource as soon as the TRP becomes aware of the potential resource. Notice shall comply with the provisions of Section 2.16.
 3. TRP must receive pre-approval from MEAN as described in Section 2.15 for any Renewable Generation Resources owned by a TRP.
 4. TRP shall timely provide MEAN with the necessary meter data to facilitate proper billing and reporting. Metering and data shall comply with the provisions of Sections 2.11 and 2.12. For any month in which the TRP fails to provide the necessary meter data to MEAN in a timely manner as described in Sections 2.11 and 2.12, the theoretical maximum output applies as follows:
 - i. MEAN will add the theoretical maximum output of such Renewable Generation Resource for purposes of calculating the Fixed Cost Recovery Charge allocation; and
 - ii. MEAN may at its discretion add the theoretical maximum output of such Renewable Generation Resource for purposes of reporting

network load to calculate transmission charges or any other non-energy charges from MEAN to TRP.

5. No Energy Charge shall apply to output from such Renewable Generation Resources.
 6. The TRP shall at all times remain responsible for compensating the end-use customer for electrical output.
- b. The following provisions apply to Renewable Generation Resources with an estimated rated generating capacity of greater than 25 kW per meter which are owned by an end-use customer of the TRP:
1. The TRP may, at its discretion, work with MEAN to negotiate a power purchase agreement directly between MEAN and the end-use customer or project developer under which MEAN will purchase the output of the facility. If (i) the TRP elects not to work with MEAN to negotiate such a power purchase agreement, or (ii) the parties for any reason cannot reach mutually acceptable terms for such purchase, the other provisions of this Policy will apply.
 2. All monthly output from such Renewable Generation Resources will be added back to the TRP's monthly peak demand for purposes of determining the Fixed Cost Recovery Charge allocation, and may be added back for purposes of network integration transmission charges or any other non-energy charges, as applicable, assessed to the TRP on whose distribution system the facility is interconnected.
 3. TRP shall provide advance notice to MEAN prior to interconnecting any Renewable Generation Resource owned by an end-use customer. TRP shall make every effort to inform MEAN of a potential Renewable Generation Resource as soon as the TRP becomes aware of the potential resource. Notice shall comply with the provisions of Section 2.16.
 4. TRP shall timely provide MEAN with the necessary meter data to facilitate proper billing and reporting. Metering and data shall comply with the provisions of Section 2.11. For any month in which the TRP fails to provide the necessary meter data to MEAN in a timely manner as described in Section 2.11, the theoretical maximum output applies as follows:
 - i. MEAN will add the theoretical maximum output for purposes of calculating the Fixed Cost Recovery Charge allocation;
 - ii. MEAN may at its discretion add the theoretical maximum output of such Renewable Generation Resource for purposes of reporting network load to calculate transmission charges or any other non-energy charges from MEAN to TRP; and
 - iii. MEAN may at its discretion assume monthly kWh output equal to the theoretical maximum output of such Renewable Generation Resource

when calculating the credit on the Total Requirements Power Supply Contract bill for the energy delivered to the distribution system and the increase to the TRP's kWh billing amount for energy purchased from MEAN as further described on Appendix A to this Policy.

5. Each Renewable Generation Resource will be treated as if it were a MEAN generation resource through a sale or assignment to MEAN, as further described on Appendix A to this Policy.
6. The TRP shall at all times remain responsible for compensating the end-use customer for electrical output.

A TRP shall cooperate with MEAN in a commercially reasonable manner to give effect to the foregoing provisions, including the execution of such instruments of sale or assignment as may be deemed necessary or desirable by MEAN.

2.06 No Breach Under Total Requirements Power Supply Contract. A TRP that complies with the provisions of this Policy will not be considered to be in violation or breach of its total requirements purchase obligation under its Total Requirements Power Supply Contract.

2.07 Billing and Credits for TRPs. Billing and credits shall be administered as set forth on Appendix A. All costs and liabilities associated with the installation, ownership and operation of Renewable Generation Resources shall be borne by the TRP or its end-use customers.

2.08 Pre-Existing Facilities. A Renewable Generation Resource that was installed and operational prior to the effective date of this Policy may, at the discretion of the Board of Directors of MEAN, be grandfathered if the TRP reports to MEAN all necessary data regarding the resource within sixty (60) days of MEAN's request for such data. Grandfathered facilities are shown on Appendix B. Output from grandfathered facilities will not be subject to the Cap and will not be factored in the Participant's Fixed Cost Recovery Charge, provided the TRP complies with metering and reporting requirements. In no event will output from grandfathered facilities be applied in a manner to reduce any other demand or non-energy charges or network service charges that would otherwise be due if such output had not been generated.

2.09 Environmental Attributes Associated with Offsets. The TRP shall retain any and all rights with respect to environmental attributes associated with Offsets permitted under Section 2.03, and at MEAN's sole discretion shall transfer and sell to MEAN, at MEAN's standard rate for compensating PURPA qualifying facilities for environmental attributes, any environmental attributes associated with electrical output from Renewable Generation Resources that exceeds the Cap described in Section 2.04. The TRP's rights described in this Section shall be subject to the following right of first refusal: If the TRP seeks to transfer, sell, or otherwise use the environmental attributes as renewable energy credits ("RECs") for a purpose other than (a) to meet a statutory obligation imposed directly on the TRP, (b) to benefit the TRP's own end-use

customers, or (c) to meet the obligations associated with any state or federal government program from which the funding for the Renewable Generation Resource or a portion thereof was received, then MEAN shall have the right of first refusal to purchase the environmental attributes from the TRP.

2.10 Environmental Attributes Associated with End-Use Customer Facilities. The end-use customer shall retain any and all rights with respect to environmental attributes associated with output that was consumed by the customer. For any output sold to TRP under Section 2.02, including attributes associated with output that was banked under a net metering program, TRP shall, if directed by MEAN in its sole discretion, negotiate in good faith to purchase the environmental attributes from the end-use customer and transfer and sell to MEAN any environmental attributes associated with such output. Compensation for the sale of attributes to MEAN shall be at the rate paid to the end-use customer; however, the TRP shall not agree to pay an amount greater than MEAN's standard rate for compensating PURPA qualifying facilities for environmental attributes without consent of MEAN.

2.11 Metering of Directly Connected End-Use Customer Facilities. TRP shall cause to be installed revenue-quality metering equipment at the point of delivery capable of recording the following readings from each end-use customer with Renewable Generation Resource(s): (1) the total instantaneous output of the generator, (2) the total instantaneous energy delivered by the customer to the TRP's system, and (3) the total instantaneous energy delivered by the TRP to the customer. TRP shall take meter readings on the same cycle as the otherwise applicable rate schedule.

2.12 Metering of TRP-Owned Generation. TRP acknowledges that it must comply with the provisions of the Electrical Resources Pooling Agreement and the Policies and Procedures issued thereunder, including but not limited to Article XIV, Metering and Records, of the Electrical Resources Pooling Agreement and Article XI, Metering, of the Electrical Resources Pooling Agreement Policies and Procedures.

2.13 Net Metering Provisions. A TRP may, at its sole cost and expense, offer net metering or other financial incentives to end-use customers (whether required by law or voluntarily). Notwithstanding any net metering or other financial incentive offered by a TRP, the rate paid to a TRP by MEAN for output from Renewable Generation Resources will not exceed MEAN's Avoided Cost Rate unless otherwise approved by the MEAN Board of Directors. TRP shall be responsible for developing and administering an application process for interconnection and net metering, if applicable, of customer-owned renewable generation in accordance with this Policy. TRP shall be responsible for ensuring the necessary metering equipment as well as conducting the appropriate inspections of customer-owned generation systems. TRP and eligible customers shall be required to execute an Interconnection, Energy Purchase and Service Agreement setting

forth the terms and conditions for interconnection and metering of customer-owned renewable generation that is consistent with this Policy.

2.14 Rate Setting. The TRP acknowledges that it has covenanted in the Total Requirements Power Supply Contract with MEAN to fix rates and charges for the services of its municipal electric utility system, and revise the same from time to time, and collect and account for the revenues therefrom so that such rates and charges will produce revenues and receipts which will at all times be sufficient to enable the TRP to pay the amounts payable by it to MEAN under the Total Requirements Power Supply Contract when and as the same become due. Further, the TRP agrees that nothing in this Policy affects, modifies or amends such covenants.

2.15 Application Process for TRP-Owned Generation. TRPs desiring to take advantage of the Offsets under this Policy shall submit a request to the Executive Director of MEAN which at a minimum shall detail the following information and a statement by the TRP that the request meets the program criteria as outlined in this Policy:

- a. estimated rated generating capacity (in kW) of the facility,
- b. estimated total A/C electrical output in kWh from the facility per month,
- c. type of generating unit (examples include wind and water powered turbine generators and photovoltaic generators/invertors),
- d. fuel type (examples include hydro, wind, solar),
- e. one-line electrical diagram including interconnection, and
- f. any other information related to the facilities or TRP's system as MEAN may request from time to time.

The Board of Directors of MEAN shall approve the TRP's request following a review by MEAN staff if the Board determines that the criteria of this Policy have been satisfied. If the Board of Directors determines that a particular request does not meet the criteria or that the information submitted is lacking, MEAN shall advise the TRP of the deficiency and the TRP shall have an opportunity to supplement or revise its request.

2.16 Notice Regarding End-Use Customer Facilities. TRPs shall provide advance notice to MEAN prior to interconnecting any end-use customer facility. Such notice shall include but not be limited to the following information:

- a. estimated rated generating A/C capacity (in kW) of the facility,
- b. estimated total electrical A/C output in kWh from the facility per month,
- c. estimated amount of A/C energy in kWh to be produced by the facility in excess of end-use customer's load per month,
- d. type of generating unit (examples include wind and water powered turbine generators and photovoltaic generators/invertors),
- e. fuel type (examples include hydro, wind, solar),

- f. one-line electrical diagram including interconnection, and
- g. any other information related to the facilities or TRP's system as MEAN may request from time to time.

2.17 Applicable Law. This Policy is subject to federal, state and local laws.

2.18 PURPA Purchase Obligations. TRPs shall provide such information and complete such filings and applications as MEAN may request from time to time to transfer TRP's PURPA purchase obligation to MEAN. For any PURPA Qualifying Facility interconnected with TRP's system, the TRP's avoided cost rate shall be based on MEAN's Avoided Cost Rate.

APPENDIX A
RENEWABLE GENERATION BILLING AND CREDIT PROCEDURE
TO
MEAN DISTRIBUTED AND RENEWABLE GENERATION POLICY

Dated effective as of May 19, 2016

I. Sale or Assignment to MEAN. For end-use customer-owned Renewable Generation Resources with an estimated rated generating capacity of greater than 25 kW per meter interconnected to the distribution system of a TRP of MEAN, the TRP shall, after consultation with MEAN, take one or more of the following actions, as applicable:

- a. If a TRP's purchase of output from such Renewable Generation Resource is made pursuant to a contract that is assignable by its terms and provides for the purchase of electrical output at the MEAN Avoided Cost Rate, the TRP shall assign the contract to MEAN. Credits and charges for energy delivered to the TRP's distribution system shall be applied as described below;
- b. If a TRP's purchase of output from such Renewable Generation Resource is made pursuant to a contract that is either not assignable by its terms or provides for the purchase of electrical output at other than the MEAN Avoided Cost Rate, the TRP shall sell the electrical output it purchases from the facility to MEAN at MEAN's Avoided Cost Rate. Credits and charges for energy delivered to the TRP's distribution system shall be applied as described below.

The TRP shall at all times (whether under subsection a. or b. above) remain responsible for compensating the end-use customer for electrical output.

Unless an alternate arrangement is agreed to by and between the TRP and MEAN in the TRP's Total Requirements Power Supply Contract with MEAN or in a separate written agreement, the following credit provisions shall apply: MEAN shall pay TRP at the MEAN Avoided Cost Rate in the form of a credit on the Total Requirements Power Supply Contract bill for the energy delivered to the distribution system. The credit will be calculated as follows each month:

$$\text{Credit} = \text{MEAN's Avoided Cost Rate} * \text{Monthly kWh sold to MEAN}$$

As part of the monthly bill adjustment, MEAN will also increase TRP's kWh billing amount by the same kWh amount as the end-use customer-owned renewable generation purchased by MEAN.

A TRP shall cooperate with MEAN in a commercially reasonable manner to give effect to the foregoing provisions, including the execution of such instruments of sale or assignment as may be deemed necessary or desirable by MEAN.

II. Fixed Charges. In no event shall the credits provided by MEAN under this Policy be applied to reduce any portion of the Fixed Cost Recovery Charge or other demand or non-energy charges. All output from Renewable Generation Resources will be added back to the monthly billing for purposes of determining such charges.

APPENDIX B
PRE-EXISTING FACILITIES LIST
TO
MEAN DISTRIBUTED AND RENEWABLE GENERATION POLICY

Dated effective as of _____, 20__

[List of grandfathered facilities approved by the MEAN Board.]

[TO BE DETERMINED]